

Message Text

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PAGE 01 DHAHRA 00560 151307Z
ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
AF-10 ARA-06 EA-07 EUR-12 PA-01 PRS-01 /137 W
-----151311Z 010463 /45

R 151125Z MAY 77
FM AMCONSUL DHAHRAN
TO SECSTATE WASHDC 5427
INFO AMEMBASSY CAIRO
AMEMBASSY TRIPOLI
AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY BRASILIA
AMEMBASSY JAKARTA
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TEL AVIV
AMEMBASSY VIENNA
AMEMBASSY CARACAS
AMEMBASSY TOKYO
AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY TEHRAN
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
USINT BAGHDAD
USLO RIYADH

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E.O. 11652: N/A
TAGS: ENRG, SA
SUBJECT: FIRE AT ARAMCO'S ABQAIQ FACILITY

1. THE ARAMCO ABQAIQ FIRE HAS LEFT US WITH THE CLEAR IMPRESSION THAT THE JAPANESE AND AMERICAN PEOPLE (AND PERHAPS OTHERS) MUST HAVE FINALLY BECOME CONCERNED, IF NOT A LITTLE NERVOUS AND JUMPY, ABOUT THE SECURITY OF THEIR MIDDLE EAST OIL SOURCES. WE HAVE RECEIVED LONG-DISTANCE CALLS AT ALL HOURS DAY AND NIGHT FROM THE US NEWS MEDIA, AND ARAMCO EXECUTIVES HAVE BEEN CALLED AT THEIR OFFICES AND OUT OF BED FROM VIRTUALLY EVERY WORLD CAPITAL.

2. JAPANESE NERVOUSNESS WAS PARTICULARLY APPARENT. AT 0900 MAY 14 JAPANESE AMBASSADOR TO SAUDI ARABIA TATEO SUZUKI CALLED ON THE CONSUL GENERAL TO REQUEST ASSISTANCE IN MEETING KEY ARAMCO OFFICIALS AND MAKING A PERSONAL ASSESSMENT OF THE EFFECT OF THE FIRE ON SAUDI ARABIA'S CRUDE OIL AND NATURAL GAS LIQUID (NGL) PRODUCTION. ACCORDING TO AMBASSADOR SUZUKI, WHO WAS ACCOMPANIED BY HIS ECONOMIC COUNSELLOR AND PETROLEUM REPORTING OFFICER, EARLY TOKYO NEWS REPORTS HAD INDICATED THAT THREE-FOURTHS OF SAUDI CRUDE PRODUCTION MIGHT BE CUT FOR SOME TIME BY THE FIRE. THOSE REPORTS CAUSED SUCH PANIC IN JAPAN, HE SAID, THAT THE PRICE OF YEN PLUMMETED AS JAPANESE PURCHASED DOLLARS UNTIL THE SUPPLY RAN OUT AND FOREIGN EXCHANGE MARKETS HAD TO BE CLOSED DOWN. THE JAPANESE FOREIGN OFFICE HAD THEN SENT AMBASSADOR SUZUKI URGENT INSTRUCTIONS TO RUSH TO DHAHRAN AND PERSONALLY EVALUATE THE EXTENT OF THE FIRE AND ITS EFFECT ON SAUDI OIL PRODUCTION. THE AMBASSADOR COMMENTED THAT TOKYO WAS ESPECIALLY NERVOUS ABOUT NGL, SINCE 45 PERCENT OF THE JAPANESE SUPPLY COMES FROM SAUDI ARABIA AND JAPAN HAS ALMOST NO STORAGE FACILITIES FOR THE LIMITED OFFICIAL USE

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FUEL.

3. WE INFORMED SUZUKI THAT HIS PRIVATE SECTOR WAS ALREADY HERE FOR THE SAME PURPOSE. THE CHAIRMAN AND PRESIDENT OF ASIA PETROLEUM COMPANY AND TWO OTHER JAPANESE OIL EXECUTIVES HAD MET WITH ARAMCO CHAIRMAN FRANK JUNGERS THE PREVIOUS EVENING AND WERE SET TO FLY OVER THE FIRE THAT MORNING. ARAMCO THEN COMBINED THE AMBASSADORIAL AND OIL COMPANY PARTIES FOR TECHNICAL BRIEFINGS AT ARAMCO'S OIL EXHIBIT, A FLIGHT OVER THE FIRE, AND A TRIP TO THE RAS TANURA MARINE TERMINAL TO SEE HOW MUCH OIL IS ACTUALLY ARRIVING THERE FOR SHIPMENT OVERSEAS.

4. WE WERE UNABLE TO SEE THE AMBASSADOR BEFORE HIS 1730 DEPARTURE THE SAME DAY, BUT ARAMCO EXECUTIVES SAY HE APPEARED CONVINCED THAT THE FIRE WAS MUCH LESS SERIOUS THAN REPORTED INITIALLY IN TOKYO, THAT ARAMCO PRODUCTION WOULD NOT BE REDUCED FOR LONG, AND THAT SABOTAGE DOES NOT SEEM TO BE THE CAUSE.

5. SAUDI PETROLEUM MINISTER YAMANI VISITED DHAHRAN ON MAY 13 TO FLY OVER THE FIRE AND TO CALL ON SURVIVORS AT THE ARAMCO HOSPITAL. YAMANI EXPRESSED HIS UNHAPPINESS TO JUNGERS ABOUT EARLY EXAGGERATED REPORTS IN THE US, INCLUDING A MOBIL OIL PRESS RELEASE INDICATING SAUDI PRODUCTION MIGHT BE CUT 6 MILLION BPD BY THE FIRE. THE JAPANESE AMBASSADOR, WHO DID NOT SEE YAMANI HERE BUT WAS SCHEDULED TO SEE HIM IN RIYADH MAY 15, INDICATED THAT THE EXAGGERATED JAPANESE PRESS REPORTS WERE APPARENTLY BASED ON US REPORTS.

6. COMMENT: REGARDLESS OF YAMANI'S UNHAPPINESS, THERE MAY BE A SILVER LINING IN THIS CLOUD. ANY INCREASED UNDERSTANDING IN INDUSTRIALIZED COUNTRIES OF THE CRITICAL ENRGY SITUATION AND THE IMPORTANCE OF SAUDI ARABIA AS THE WORLD'S MAJOR AND ONLY SUBSTANTIALLY EXPANDABLE SOURCE OF OIL MUST LIMITED OFFICIAL USE

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BE CONSIDERED A VERY POSITIVE DEVELOPMENT, EVEN IF TOOK A SERIOUS FIRE TO PRODUCE IT.
BUSHNELL

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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